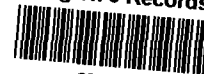


Skinner Landfill Work Group

September 20, 1999

AERONCA, INC.
c/o David E. Northrop, Esq.
Samuels and Northrop Company, L.P.A.
180 East Broad Street, Suite 816
Columbus, OH 43215

EPA Region 5 Records Ctr.



275111

Re: Skinner Landfill/Settlement Offer

Dear Mr. Northrop:

On behalf of the Skinner Landfill Work Group ("Work Group"), and in cooperation with the United States Environmental Protection Agency ("U.S. EPA"), the Work Group is writing to provide the monetary terms of an offer by which the Work Group is prepared to settle its claims against your client related to the Skinner Landfill Superfund Site in Cincinnati, Ohio. We expect that this settlement will be embodied in a consent decree to which the United States and the Work Group will be parties. We have discussed this offer with Sherry Estes, Office of Regional Counsel, U.S. EPA, Region V, and Elliot Rockler, U.S. Department of Justice ("DOJ"). Both Ms. Estes and Mr. Rockler are prepared to recommend this settlement to their management. You may call Ms. Estes at U.S. EPA, (312) 886-7164, and/or Mr. Rockler at U.S. DOJ, (202) 514-2000, to confirm their support for this settlement approach. As explained below, your client may resolve its liability to the Work Group and the United States for these claims for a single payment of \$592,644.22. This offer will remain open until Tuesday, October 5, 1999 and therefore warrants your client's immediate attention.

The Work Group, whose members are listed at the end of this letter, are negotiating the terms and conditions of a consent decree with U.S. EPA for the cleanup of the Skinner Landfill and settlement of the United States' claims for past and future response costs. That consent decree, subject to final approval by U.S. EPA and DOJ management, will provide the vehicle for settling the claims of the Work Group (including the claims of all of the Plaintiffs in the on-going Skinner Landfill cost recovery action) and the United States against your client for past and future response costs incurred by any of those parties at the Site. It will also provide contribution protection for your client from the response cost claims of all other private parties.

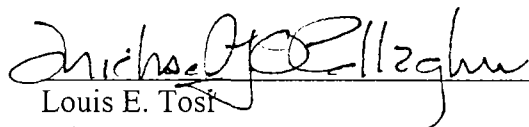
This settlement offer is calculated as follows. First, your client's base percentage share of liability at the Site, as determined in the Final Non-Binding Allocation Report and Recommendations by the allocator, John Barkett, and adjusted for the owner/operator orphan share, is 2.13415%. Second, the total past and anticipated future response costs at the Site are: a) past response costs incurred by members of the Work Group of \$2,038,559.35 ; b) U.S. EPA past costs (through June 30, 1999) and U.S. DOJ past costs (through March 31, 1999) of \$3,929,909.67, and c) estimated future cleanup costs of \$15.6 million. Thus, the total U.S. EPA and Work Group cleanup costs are approximately \$21.5 million, the figure on which this settlement offer to your client is based. Third, in consultation with U.S. EPA, we have determined that a 40% premium on future response costs is appropriate for cash-out and de minimis parties. Using this methodology, the settlement amount for your client is \$592,644.22.

By accepting this offer, your client will resolve its liability to the Work Group, the Plaintiffs, and, subject to review and approval of U.S. EPA and U.S. DOJ, the United States for past and future response costs at the Skinner Landfill. In order to conduct its review and approve this settlement with your client, U.S. EPA and U.S. DOJ will require your client to waive any objection to the disclosure of certain portions of the Preliminary and Final Non-Binding Allocation Report and Recommendations issued by Mr. Barkett that relate to your client. Once this settlement is approved by the United States, the consent decree that will serve as the settlement agreement will include statutory contribution protection from claims of all private parties for response costs incurred at the Site.

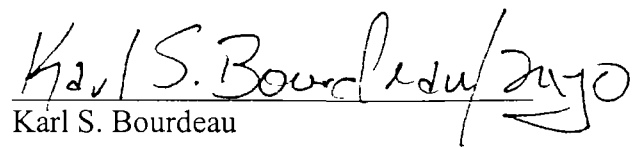
U.S. EPA intends to file the consent decree with the Court in October. Therefore, in order to provide the United States with enough time to review and approve the final settlement, this offer will not be held open past Tuesday, October 5, 1999. If your client settles by that date, the Work Group will recommend to U.S. EPA that your client's liability should not be subject to increase in the event that future response costs exceed the current estimate of \$15.6 million. If your client is prepared to accept this offer, please contact us at (614) 463-9441 or (202) 789-6019, so that arrangements can be made to incorporate your client into the pending consent decree with the United States.

CERCLA and U.S. EPA's policies encourage, and effectively reward, early settlements. In light of this, the Work Group and U.S. EPA have agreed that if your client does not accept this settlement offer by October 5, 1999, subsequent settlement offers may include a reopener, allowing for increased payment in the event that future response costs exceed \$15.6 million, and an increase in the premium on future response costs. In other words, this is very likely the best offer that you will receive from the Work Group and U.S. EPA to resolve your client's liability for past and future response costs at the Skinner Landfill. In addition, failure to accept this settlement offer may subject your client to the costs associated with further legal proceedings in the pending lawsuit. Finally, if your client does not settle now, the United States may exercise its discretion to pursue your client on a joint and several liability basis for its outstanding past response cost claim of \$3,929,909.67.

Very truly yours,


Louis E. Tosi
Michael J. O'Callaghan
Shumaker, Loop & Kendrick, LLP
41 S. High Street, Suite 2210
Columbus, OH 43215

Counsel for OXY USA Inc.


Karl S. Bourdeau
Beveridge & Diamond, P.C.
1350 I Street, N.W., Suite 700
Washington, D.C. 20005-3311

Counsel for Skinner Cost Recovery
Plaintiffs

David E. Northrop, Esq.
September 20, 1999
Page 3

On behalf of the Skinner Landfill Work Group

Anchor Hocking Corp.
Chemical Leaman
Ford Motor Company
Formica Corporation
General Electric Aircraft Engines
General Motors Corporation
Henkel
King Container Services, Inc.
King Wrecking Company, Inc.
Monsanto Company
Oxy USA Inc.
The Dow Chemical Company
Velsicol Company

MJO KSB/
42891

cc: Sherry Estes, Esq., U.S. EPA Region V
Elliot Rockler, U.S. DOJ
Skinner Landfill Work Group

aeronca.990920.doc